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**DIRECTORATE OF  
INTELLIGENCE**

# Intelligence Memorandum

*The Pacific Basin: Changing Economic Patterns*

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ER IM 72-73

May 1972

Copy **No 94**

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
May 1972

INTELLIGENCE MEMORANDUM

**THE PACIFIC BASIN:  
CHANGING ECONOMIC PATTERNS**

Summary

1. The Pacific Basin<sup>(1)</sup> since 1960 has been the world's most dynamic trading region. Underlying this trade boom has been the pulling effect of the US and Japanese economies. The United States has been the fastest growing major market for manufactured goods coming from Japan and the other northern-tier countries - Hong Kong, Taiwan, and South Korea. Japan has become the largest market for the raw materials of southern-tier countries, such as Australia and Indonesia. The United States is the leading supplier of Japan for both raw materials and sophisticated manufactures. The other Pacific Basin countries look mainly to Japan and the United States for imports of manufactures.<sup>(2)</sup>

2. Japan's initial export surge was based on inexpensive manufactured goods, but its momentum has been maintained by continuously developing new product lines. As Japan moved up the industrial scale and shifted to more technically advanced products, the less developed countries (LDCs) in the area followed in the same path. The Japanese economic surge, meanwhile, resulted in a sharp boost in raw material purchases from Australia and Indonesia. But although Japanese growth has been the area's most dynamic force, it has in turn depended greatly on access to the US markets.

3. These growing trade ties have increasingly given the Basin the look of an economic unit. Indeed, almost two-thirds of Western Pacific<sup>(3)</sup>

1. For the purposes of this memorandum, the Pacific Basin is defined to include all countries bordering on the Pacific Ocean, Oceania, and the South Pacific islands. Economic relations among American countries are excluded from the discussion.

2. For detailed data on Pacific Basin trade, see the Appendix.

3. For the purposes of this memorandum, the Western Pacific is defined to include all Asian countries bordering on the Pacific Ocean, Oceania, and the South Pacific islands. For trade calculations, the USSR is excluded because it is mainly a European country.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

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exports go to other countries in that region or to the United States. The entire process has been the result of natural market forces, as there are no monetary or customs unions and the few preferential trade arrangements that do exist are not especially important.

4. While the United States is largely behind the trend toward economic integration, it is also being increasingly drawn into the region itself. Indeed, US trans-Pacific trade is already substantially greater than US trade with the present European Community (EC) and closely matches trade with the expanded EC.<sup>(4)</sup> These trans-Pacific ties are being strengthened by the growing movement of US-owned productive facilities to the LDCs in the Western Pacific. US businessmen originally moved overseas to compete with Japanese domestic producers and later with Japanese plants established in LDCs of the region. Unlike US investment activity in Western Europe, these operations sell most of their output back to the United States.

5. During at least the next half decade the economic momentum generated during the 1960s and new developments will ensure continued rapid growth of economic ties within the region. Japan will probably become a major foreign investor in the area. With its enormous foreign exchange reserves, Tokyo has greatly lessened its controls over direct investment outflows. At the same time, Japanese businessmen are interested in establishing more production facilities abroad, both because Japan's domestic labor is becoming more expensive and as a means of circumventing actual or anticipated trade barriers of other countries. For the latter reason, the United States will be an important target area for this investment. US manufacturers, realizing the Western Pacific's market potential, will increasingly establish facilities there to produce items for sale in that region as well as for shipment back to the United States.

6. There will be few opportunities for Western Pacific countries to shift their economic orientation away from the Basin. The only other major market, the EC, will probably continue its policies of preventing a mass influx of Western Pacific manufactures, especially as it sorts out its expansionary problems during the next several years. Japan especially is being pressed to hold down its sales to the EC. For the LDC producers of manufactures, there are few alternatives to the US market. Even Japan, like the EC, is unlikely to give them easy access to domestic markets for some time.

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4. The expanded EC includes the EC as presently constituted plus the United Kingdom, Norway, Denmark, and Ireland, whose applications for membership have been accepted.

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7. The Basin's growth process will mean both problems and gains for the United States. With much of the Western Pacific's continued growth depending on access to the US market, US imports from the region will swell further, as the Western Pacific countries move into new product lines. The LDCs, for example, can be expected to move up the industrial scale as they shift away from such products as textiles. Within the next few years, Taiwan will be supplying many of the same types of consumer electronics equipment now being sold by Japan. Japan, for its part, will be moving into higher quality, technology-intensive product markets. The result of this intensifying competition will probably be a further movement of US-owned productive facilities into the Western Pacific.

8. The Western Pacific will also remain a major export growth market for the United States during the 1970s. But to take full advantage of this, the United States will have to compete strongly with Japan. In many Western Pacific countries, the US position is slipping because of inroads made by the Japanese, who see the region as a natural outlet for their products. Because of this and because of the continual upgrading of product lines in the Western Pacific, the United States' trade position will depend largely on its ability to maintain a lead in high-technology types of products. Should the United States lag behind in this field, its trade deficit with the Western Pacific will likely grow. In any event, both Japanese and US economic influence in the region will remain strong, and competition between the two for regional markets can be expected to intensify in the coming years.

9. Although trade within the region will grow faster than total Basin trade, the formation of an economic bloc with strong institutional ties is not a likely development in the foreseeable future. From the US point of view, a common market type of arrangement with free movement of capital, labor, and goods would create too many problems because of the large wage differential between the United States and others in the Basin. And, by itself, Japan does not have the pulling strength to turn the Western Pacific into a closely knit economic bloc centered on Japan. This partly reflects Tokyo's unwillingness to open up its market to nearby producers of manufactured goods, and, at least through the mid-1970s, Japan will remain essentially a purchaser of raw materials in the region. In short, Japan is not likely to usurp the critical role played by the United States in the Western Pacific. Nor is it likely to reduce its own heavy reliance on the United States as an export market or as a source of raw materials and sophisticated goods. Even the emergence of the People's Republic of China (PRC) into this trade area will have little impact on Japan's economic orientation toward the United States or economic trends in the Pacific Basin generally. China's role in the Basin is constrained by its emphasis on economic self-sufficiency and balanced trade and will hardly compare with the position of the United States or Japan for many years.

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### Discussion

#### Historical Perspective

10. The seeds of Pacific Basin economic cohesion are deeply implanted. Trans-Pacific trade ties have been important for the United States from its inception and they developed rapidly during the first quarter of this century. At their pre-World War II peak, just before the Great Depression and the Sino-Japanese War, the Western Pacific countries were accounting for up to one-fifth of US imports and one-sixth of our exports. Almost one-half this trade was with Japan and China, and these countries ranked as high as fourth and fifth, respectively, as foreign suppliers to the US market. Japan, meanwhile, was emerging on the world scene and during the 1930s, through its co-prosperity sphere, was trying to pull the Western Pacific into its own economic orbit. But the British, French, and Dutch colonial presence tended to divert much of the region's trade toward Europe. The Americas too had a strong European orientation that detracted from participation in Basin trade, and the Basin remained fragmented.

11. After World War II the Western Pacific was slow in regaining its former position. Japan managed a remarkable economic recovery but not until the late 1950s did it reach its once prominent status as a trading country. Japanese exports to the United States in 1955, for example, were still only at their 1929 level. Many other Western Pacific countries were also recovering from World War II, but their post-war progress was hampered by a variety of factors, including the Korean War, large inflows of Chinese refugees, and, in many cases, the adjustment to independence after years of colonial rule. Some remained little more than economic backwaters. The Communist takeover of China also lessened the Western Pacific's role in the world economy since it virtually removed China from non-Communist world trade.

12. During this period, Western Europe was rapidly developing into a major economic power bloc. The traditionally large trade between European countries was further stimulated by the formation of the EC in the late 1950s. At the same time, the United States was focusing its attention on trans-Atlantic economic links. Washington encouraged formation of the EC, and US businessmen moved rapidly to establish plants and other facilities in the new community. Between 1951 and 1960, US trade with Western Europe grew more than 50% faster than trade with the Western Pacific.

**CONFIDENTIAL**The Emerging Western Pacific

13. Since the start of the 1960s the Western Pacific's economic status has changed dramatically. Indeed, the Far Eastern region<sup>(5)</sup> now makes up the world's most rapidly growing economic area, and its international importance is expanding steadily. Japan made rapid progress. Its real gross national product (GNP) expanded 10% annually during the 1960s, and Japan now ranks third in world GNP behind only the United States and the USSR. Hong Kong, Taiwan, South Korea, and Singapore, meanwhile, lead the way among LDCs with real growth rates of 10% a year or more. Australia, Malaysia, Thailand, and the South Pacific islands all exceeded the world average growth during the 1960s of about 5.5% annually, while the Philippines and New Zealand came close. Even tiny Macau and Brunei have done well.

14. Only a few Western Pacific countries did poorly. During the early and mid-1960s, Indonesia's economy was disrupted by Sukarno's devastating policies, but since his ouster conditions have improved, and some modest growth is now being registered. War-ravaged Indochina also fell far behind other countries in the region. The PRC, for its part, failed to make any significant economic gains during the 1960s, partly because of the turmoil of the Cultural Revolution and retention of its inward looking economic policies. This isolation, however, undoubtedly benefited other Western Pacific countries. Hong Kong, Taiwan, and South Korea, on the basis of exports of inexpensive manufactures, were able to develop rapidly and to some extent filled the vacuum left by the PRC. Had China remained a trading nation, the other countries probably would not have grown as they did.

15. Almost without exception, exports have been the engine of growth in the region. Between 1960 and 1965, Far Eastern exports grew 10% annually, and in 1966-71 the pace increased to 15% a year (see Figure 1). Since 1960, exports have grown nearly 60% faster than those of the rest of the world, and by 1971 the region was accounting for about one-seventh of total world exports.<sup>(6)</sup> Sales in 1971 amounted to some US \$42 billion, compared with about \$11 billion in 1960 and \$18 billion in 1965. Most countries in the area are participating in this export boom, and all but Singapore, Thailand, the Indochina countries, and the small South Pacific islands now sell more than \$1 billion worth of goods overseas each year. Japan, of course, leads the way, with exports amounting to more than \$24 billion last year, up from only \$4 billion in 1960.

5. That is, the non-Communist Western Pacific regions.

6. Throughout this memorandum, world trade data exclude intra-EC trade.

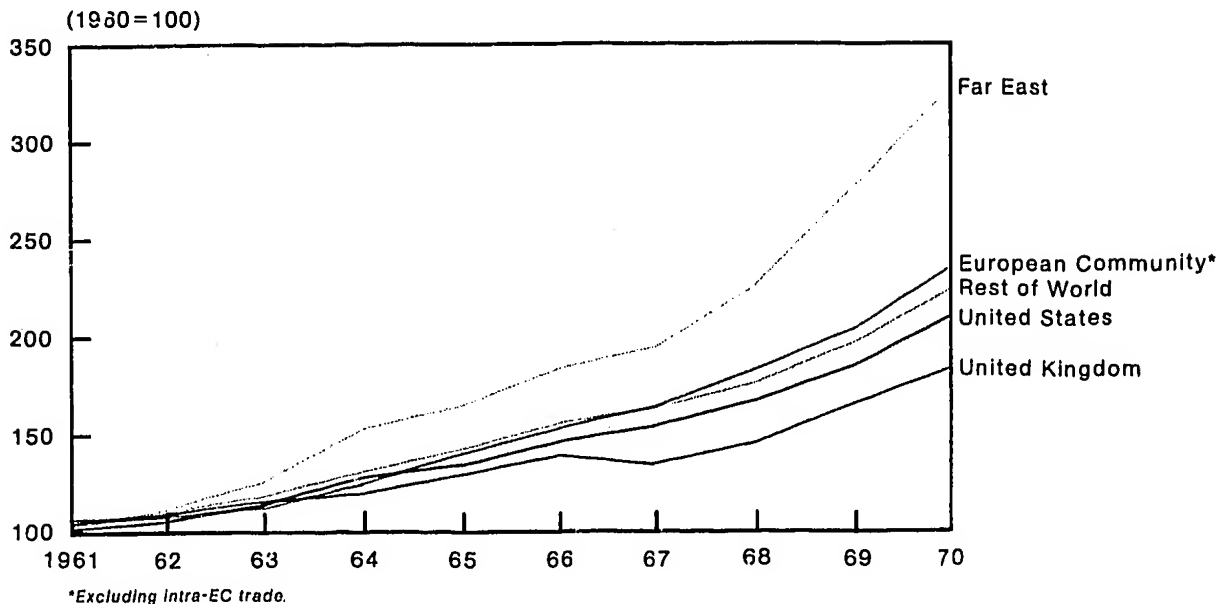
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Figure 1

## World Exports



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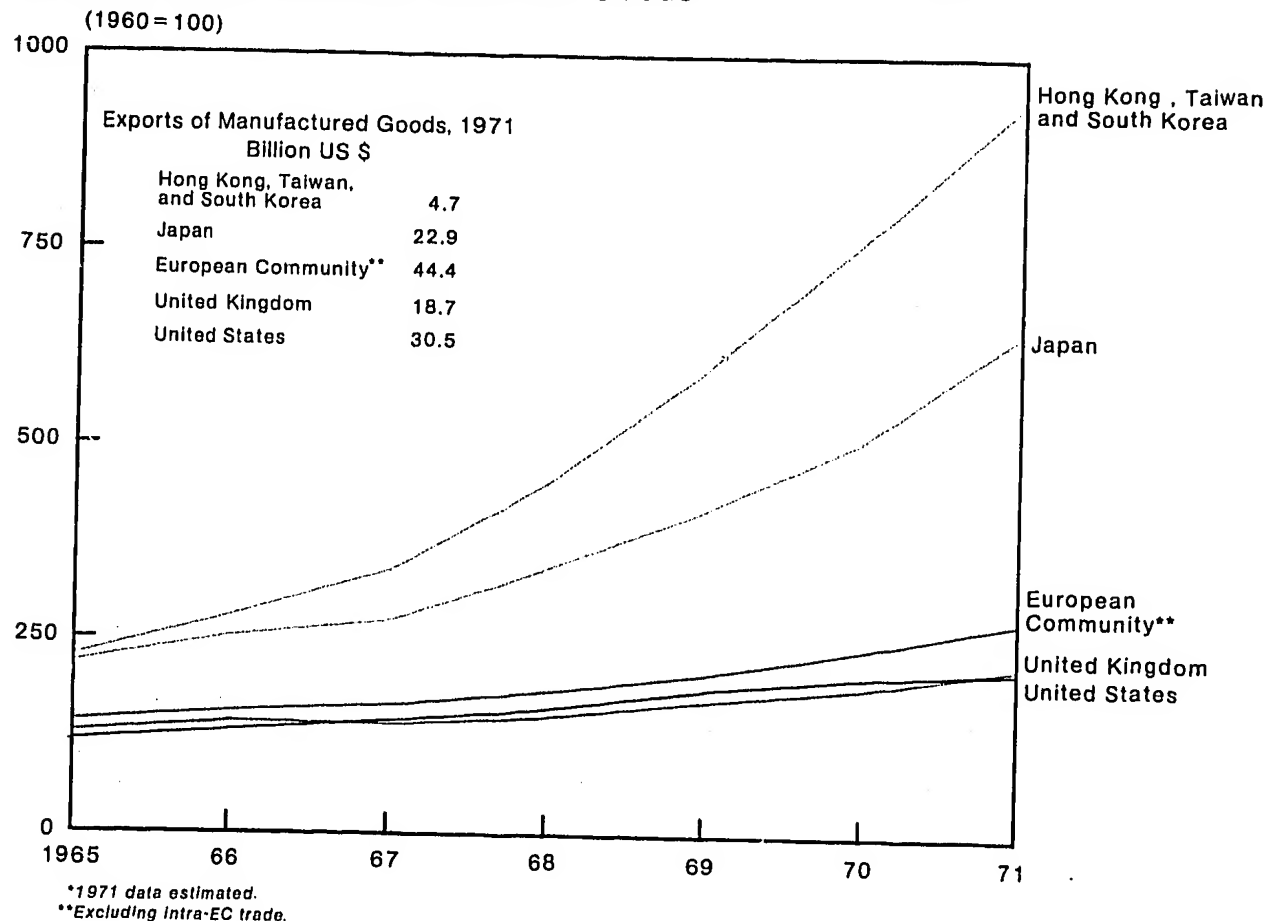
16. Even these impressive statistics, however, do not adequately portray the nature or impact on world trade of the region's development. In contrast to earlier periods, the great bulk of the increase in Far Eastern exports since 1960 has consisted of manufactured goods coming out of the Far East's northern-tier of countries - Japan, Taiwan, South Korea, and Hong Kong. Together these countries now sell about as much manufactured products abroad as the United States (see Figure 2). Indeed, since 1960 the Far East region as a whole has accounted for close to one-fifth of the increase in world exports of manufactured products.

17. All of these countries have demonstrated great flexibility as they moved quickly into new product lines. Early in the 1960s, Japan's expansion centered primarily around the sale of inexpensive light manufactures such as textiles, but since the mid-1960s a steady shift to more sophisticated products, including television sets, steel, and automobiles, has occurred. With the Japanese shifting into higher technology areas, Taiwan, Hong Kong, and South Korea have moved into the market for less complicated products. Underlying their export boom, for example, has been increasing sales of textiles, wigs, assorted plastic consumer goods, and more recently electronic component parts. Indeed, these three plus Singapore, which is following the same route, are among the few LDCs able to get into the export market for manufacturers. During the 1960s, they accounted for almost one-half

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Trends in Exports of Manufactured Goods\*

Figure 2



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the increase in manufactured goods exported by LDCs (see Figure 3), and now their total sales exceed \$6 billion annually, compared with only \$750 million in 1960.

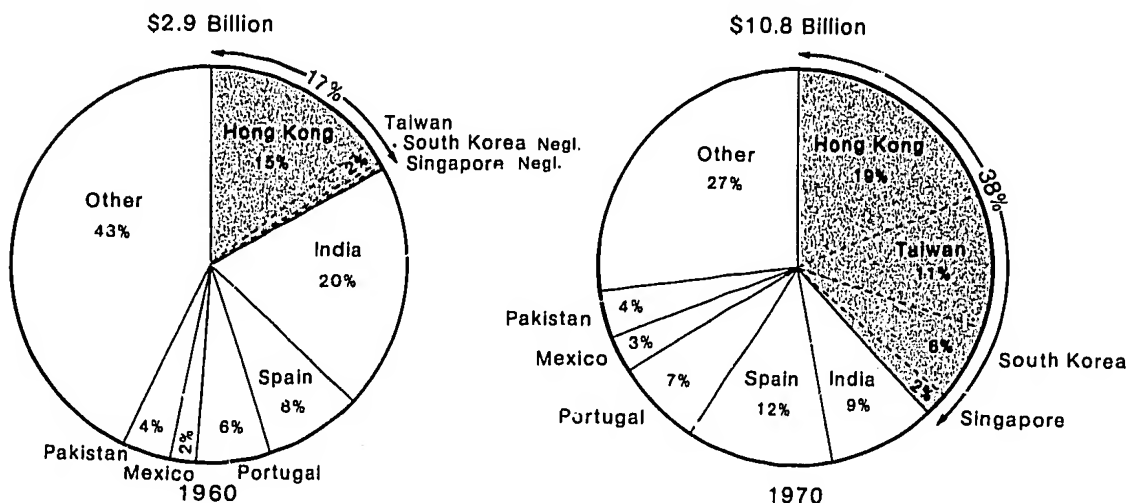
18. While the northern tier of countries export manufactures, countries to the south are becoming increasingly important sources of raw materials. Australia is undergoing a remarkable mining boom and within the past five years has developed into a major world supplier of such key minerals as iron ore and bauxite. In fact, Australia is now attracting more private foreign capital -- more than \$1.5 billion in 1971 -- than almost any other country in the world, and much of this is directed to expanding

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Figure 3

## Less Developed Countries: Exports of Manufactured Goods\*



\*Excluding nonferrous metals.

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mining output. A somewhat similar situation exists in Indonesia, where vast petroleum deposits and other mineral deposits have already been located. The South Pacific islands are also attracting relatively large amounts of foreign capital to develop mineral deposits such as nickel and copper.

Developing Pacific Basin Economic Ties

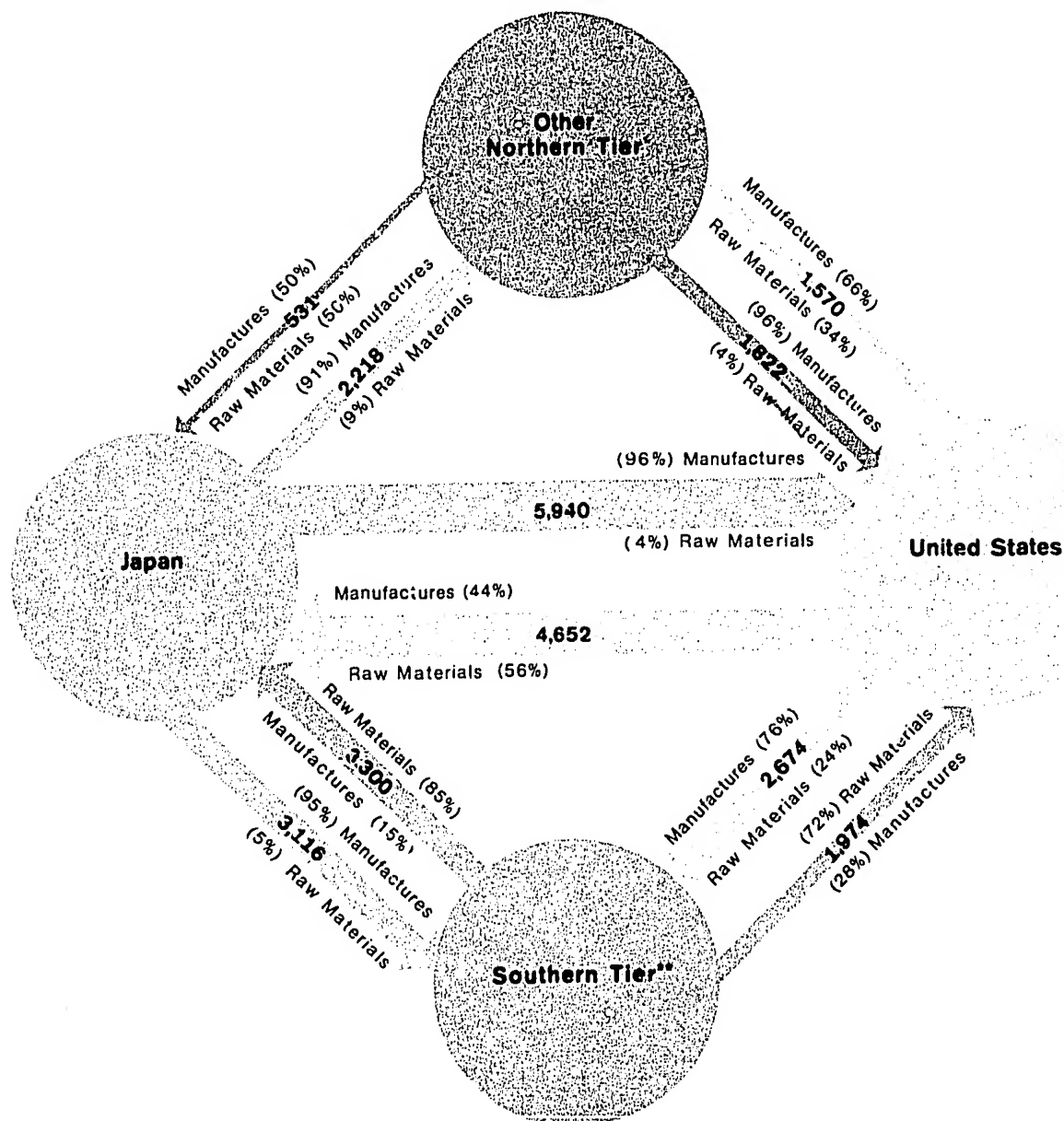
19. At the core of the export boom is the pulling effect of the US and Japanese economies on one another and the other Basin countries. The United States has been the fastest growing major overseas market for Japan and also for the other northern tier of countries, which in turn get the lion's share of their growing import requirements from Japan and the United States. The United States is also a major supplier of raw materials and sophisticated manufactures to Japan. But at the same time, to support its rapidly expanding industrial output, mineral-poor Japan has bought growing amounts of raw materials from the southern tier of Pacific Basin countries. These countries, in turn, have become major export growth markets for goods sold by Japan and the United States. Because of this interaction, roughly two-thirds of the growth in Western Pacific trade since 1960 has involved countries in the region and the United States, and almost 65% of Western Pacific exports now go to countries in the region and the United States (see Figures 4, 5, and 6). Even Canada and Pacific Latin American countries, already closely linked to the United States, are increasingly being drawn into trade with the Western Pacific.

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Figure 4

## Major Pacific Basin Trade Flows, 1970

(Million US \$)



\*Hong Kong, Taiwan, and South Korea.

\*\*Australia, New Zealand, Philippines, Indochina, Indonesia, Malaysia, Thailand, Singapore, Ryukyus, Macau, Brunei, and South Pacific Islands.

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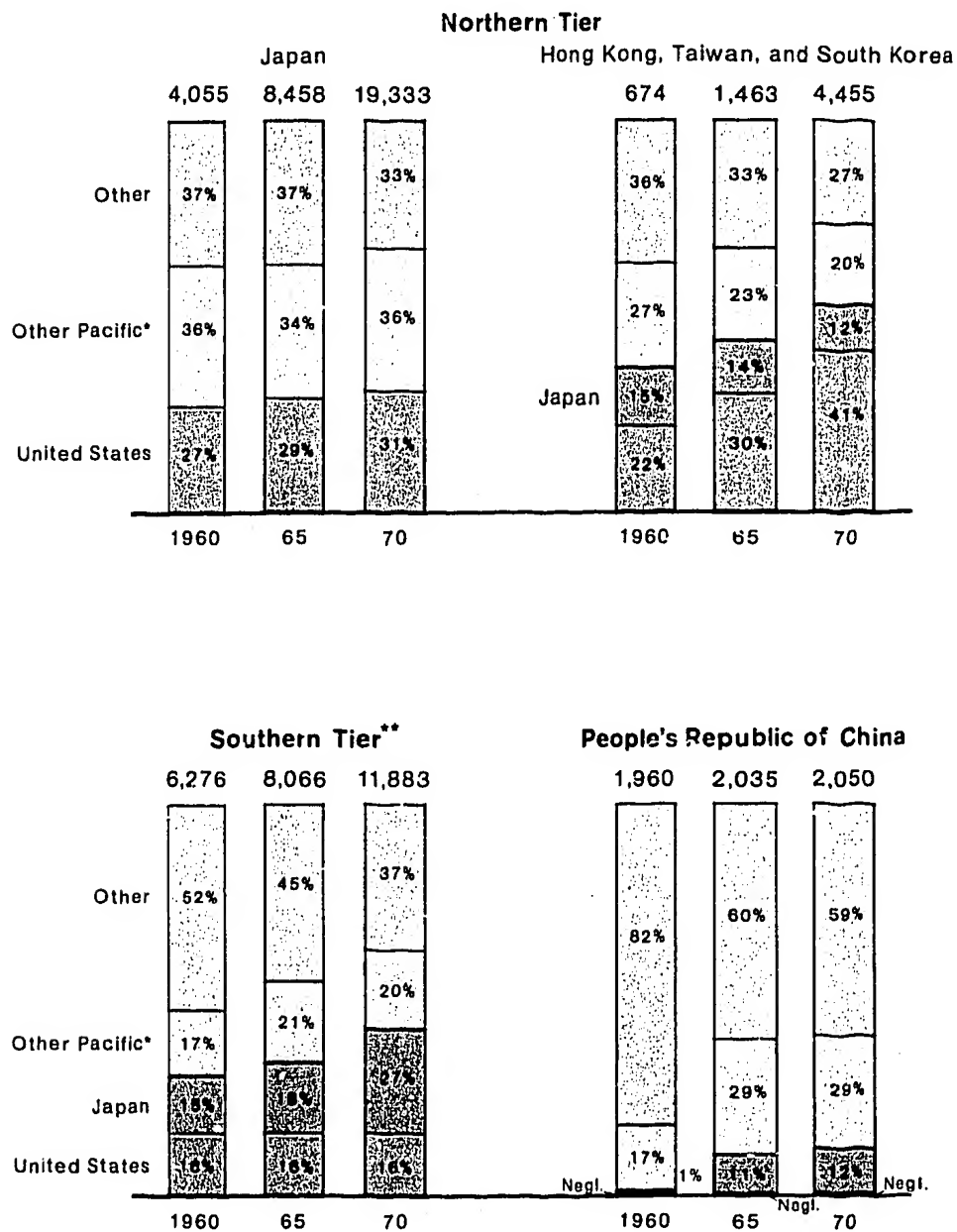
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## Western Pacific: Direction of Exports

Figure 5

(Million US \$)



\*Including Canada, People's Republic of China, and Latin American countries bordering on the Pacific Ocean.  
 \*\*Australia, New Zealand, Philippines, Indochina, Indonesia, Malaysia, Thailand, Singapore, Ryukyus, Macau, Brunei, and South Pacific Islands.

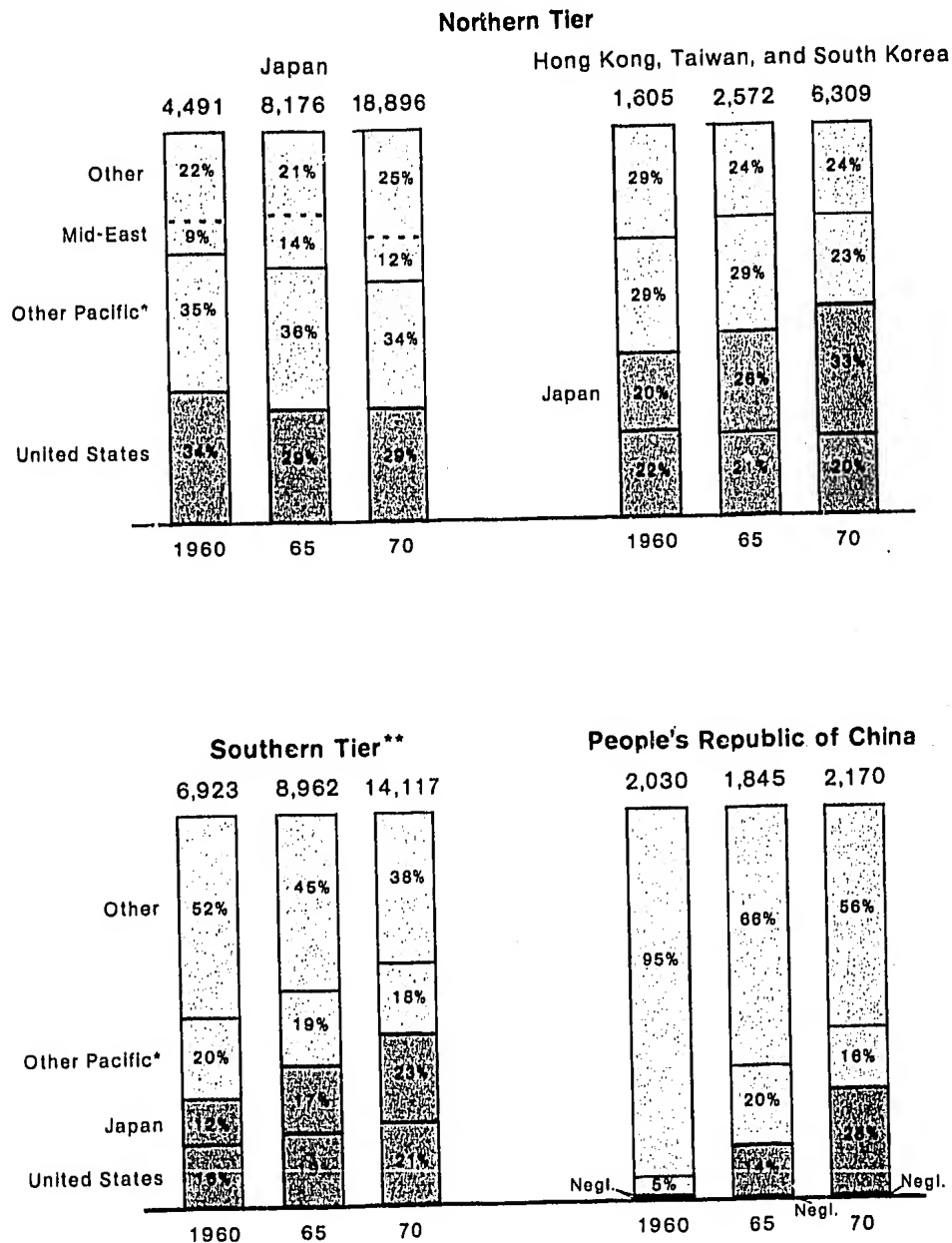
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Figure 6

## Western Pacific: Direction of Imports

(Million US \$)



\*Including Canada, People's Republic of China, and Latin American countries bordering on the Pacific Ocean.  
 \*\*Australia, New Zealand, Philippines, Indochina, Indonesia, Malaysia, Thailand, Singapore, Ryukyus, Macau, Brunei, and South Pacific Islands.

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20. By and large, this process has occurred because of natural market forces rather than preferential or institutional arrangements. There are no monetary or customs unions, and the few bilateral preferential trade arrangements that do exist have been of little importance in terms of export growth. The Philippines and a few other Far Eastern countries have sugar quotas in the normally high-priced US market, but the amount shipped rises very slowly. The Philippines, under the Laurel-Langley Agreement, is granted reduced US tariffs on manufactures, but local producers take little advantage of this, in part because economic policies stress import substitution rather than export growth. A somewhat more important exception is the preferential Commonwealth treaties between Australia, New Zealand, and Canada. To a large extent, however, trade and capital flows have developed along lines determined by the natural resources and economic status of each country.

21. Perhaps the key market factor influencing the region was the change in the US domestic market. Until the 1960s, the United States produced inexpensive manufactures with only limited competition from abroad. In fact, through 1958 the United States had a favorable trade balance on these items. But by 1960 the US minimum wage coverage was sufficiently broad and rates relatively high enough to encourage large amounts of imports. At the same time, the spread of mass marketing in the United States was concentrating buying power in large-scale retailers, making price a more important competitive factor. Major retailers turned toward foreign sources to obtain inexpensive goods. US producers, to remain competitive, began moving their production facilities abroad or had contracted with foreign producers to manufacture goods for them. Moreover, these trends were encouraged by improved worldwide transportation and communication links.

22. The Far East countries were in an especially good position to capitalize on these changes. The northern tier of countries benefited from a well-disciplined, skilled, energetic, and low-wage labor force which gave them a marked advantage in producing labor-intensive goods. Wage rates in Japan, for example, are still only one-third of those in the United States, and wages in Hong Kong, Taiwan, and South Korea are well below those in Japan. Moreover, the region's high degree of political stability has made it a secure place to invest, and over the years Far Eastern business men have established their ability to meet contract commitments. Manufacturers in the region also have proved to be an extremely dynamic group, able to adapt readily to changing world conditions. One example of this is the dramatic shift in the Far East textile industry from cottons to synthetics in just a few years' time.

**CONFIDENTIAL**The United States and the Western Pacific<sup>(7)</sup>

23. Without easy access to the US market, the Far East's growth would have been very much slower. The United States has been the only developed market relatively open for the types of sophisticated consumer manufactures and industrial products Japan has to offer and for the inexpensive manufactured goods produced by Hong Kong, Taiwan, and South Korea. Over the years, this group's access to such major markets as the EC and the United Kingdom has been restricted by a vast array of formal and informal controls. The United States is also a major market for the southern tier of countries -- second only to Japan. Of perhaps equal importance to the southern tier of countries is US investment in the region to develop raw material resources.

24. The importance of the US market is demonstrated by the fact that it accounted for nearly one-third of the growth in Far Eastern exports since 1960. Total sales to the United States went from \$2.3 billion in 1960 to about \$11.7 billion in 1971 -- an increase of more than 400%. This is about double the growth in total US imports during the period, and the Far East now accounts for more than one-fourth of all US purchases from abroad compared with 15% in 1960. In fact, the United States now buys more goods from the Far East than it does from the EC, even when trade with the United Kingdom and other applicants is included (see Figures 7 and 8). Practically all the Far East countries participated in this growth in sales to the United States, but most of the increase -- nearly 90% -- was attributable to Japan, Taiwan, South Korea, and Hong Kong.

25. The most striking percentage gains were made by Taiwan and South Korea. Their combined exports to the United States in 1960 were only \$25 million, but by 1971 reached almost \$1.3 billion -- up an extraordinary 5000%. Hong Kong now sells almost \$1 billion annually in the US market, compared with only \$125 million in 1960. Japan, the second largest supplier to the United States after Canada, increased its US sales by more than six-fold since 1960 to \$7.5 billion last year. About 31% of the total Japanese exports were sold to the United States in 1971, while the combined share for Taiwan, Hong Kong, and South Korea is 41%. The United States takes about one-sixth of the exports of the southern tier of countries, whose sales to the United States have about doubled since 1960.

26. From the US point of view, Far Eastern suppliers have had a dramatic impact on import patterns because of the heavy concentration

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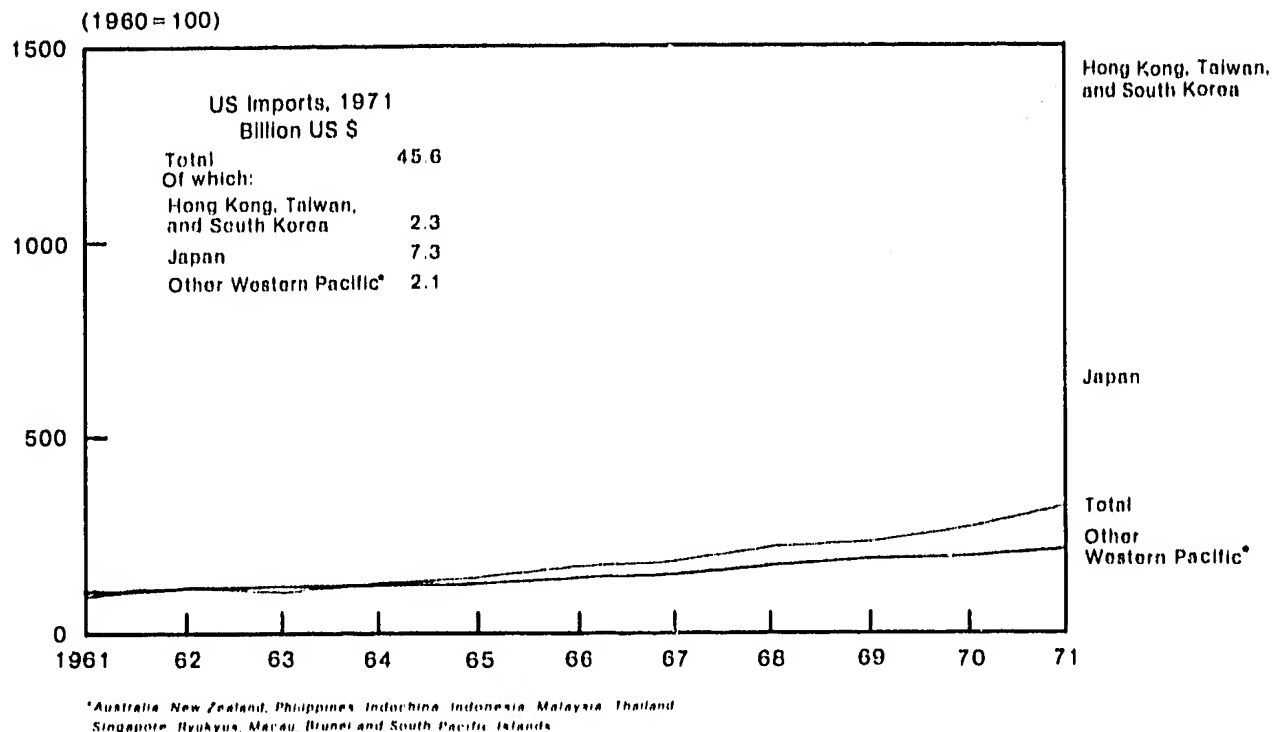
7. All trade data in this section exclude the PRC because US-Chinese trade has been virtually non-existent.



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## Trends in US Imports

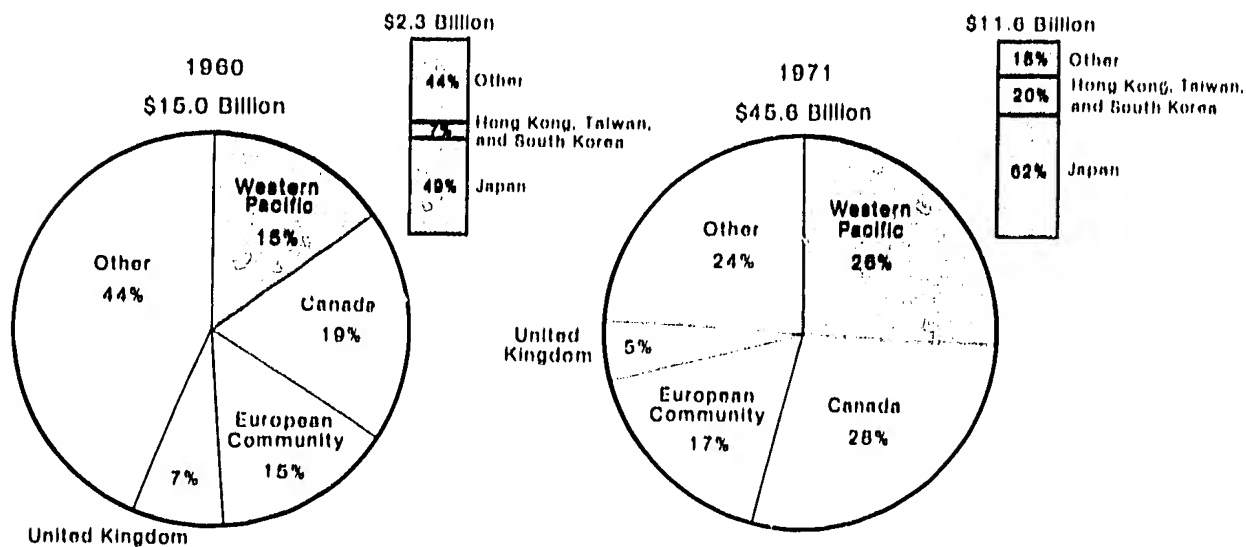
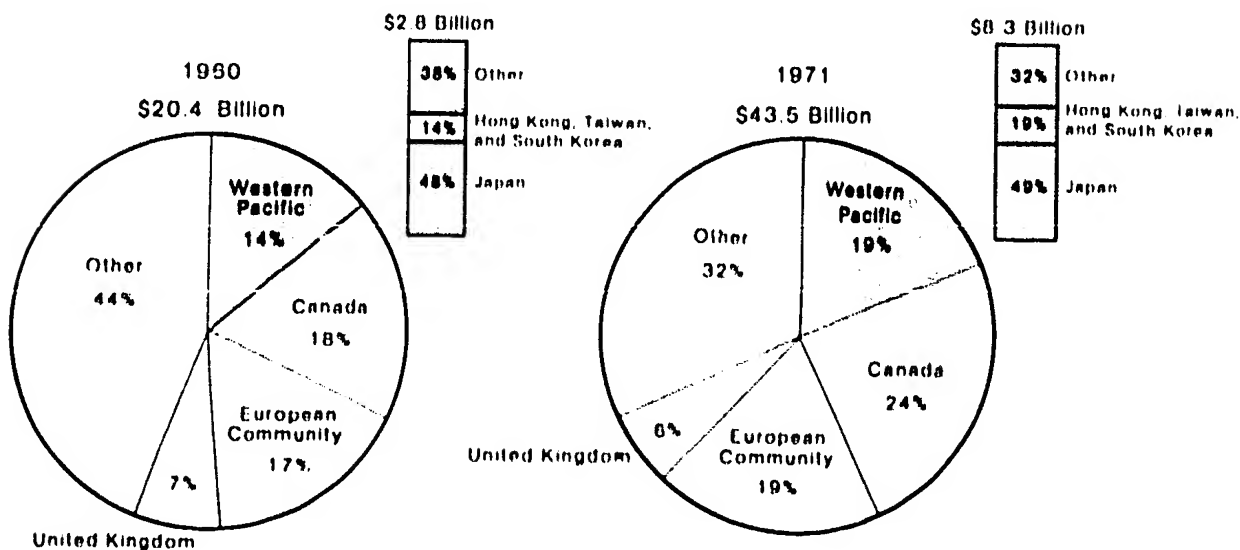
Figure 7



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on manufactured goods coming from the region. Since 1960 the Far East has accounted for about 35% of the growth in imports of these items, and last year the figure was close to 40% (see Figure 9). Moreover, in many cases Far Eastern countries now dominate the US import market. Within the past decade, for example, Japan has captured about one-half the US import market for steel and electronic products, and within four years has taken over about 40% of the import market for automobiles (excluding Canada). The Far Eastern LDCs also have made dramatic gains in the US market for inexpensive manufactures such as textiles, toys, and other light consumer goods. For example, while total US imports of manufactured textiles rose by 90% between 1960 and 1970, imports from Hong Kong, Taiwan, and South Korea jumped by about 300%.

27. The Far East also has become an increasingly important market for US products. Indeed the Far East has been our most dynamic export market over the past decade with purchases of \$8.3 billion in 1971

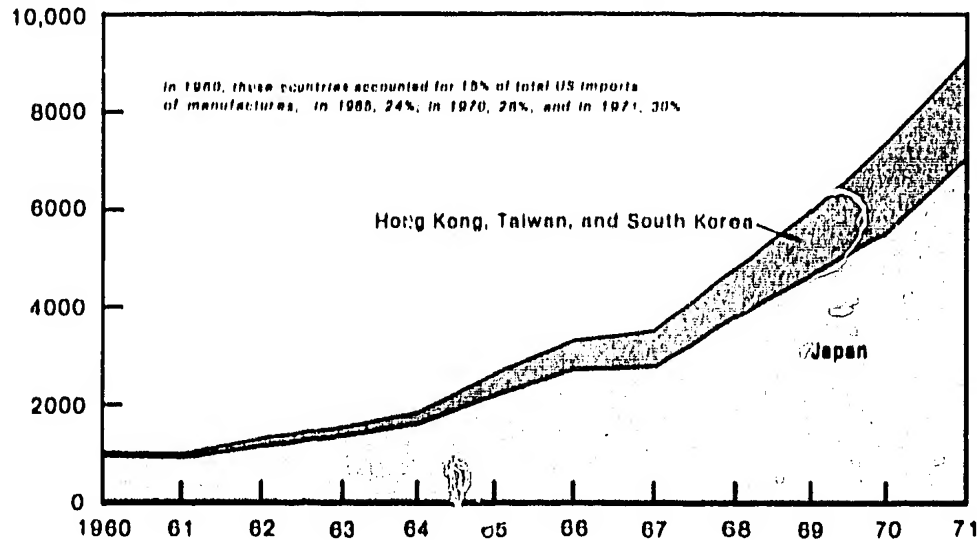
**CONFIDENTIAL****Direction of US Trade****Figure 8****Imports****Exports**

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**CONFIDENTIAL****Figure 9****US Imports of Manufactured Goods from the Northern Tier**

Million US \$



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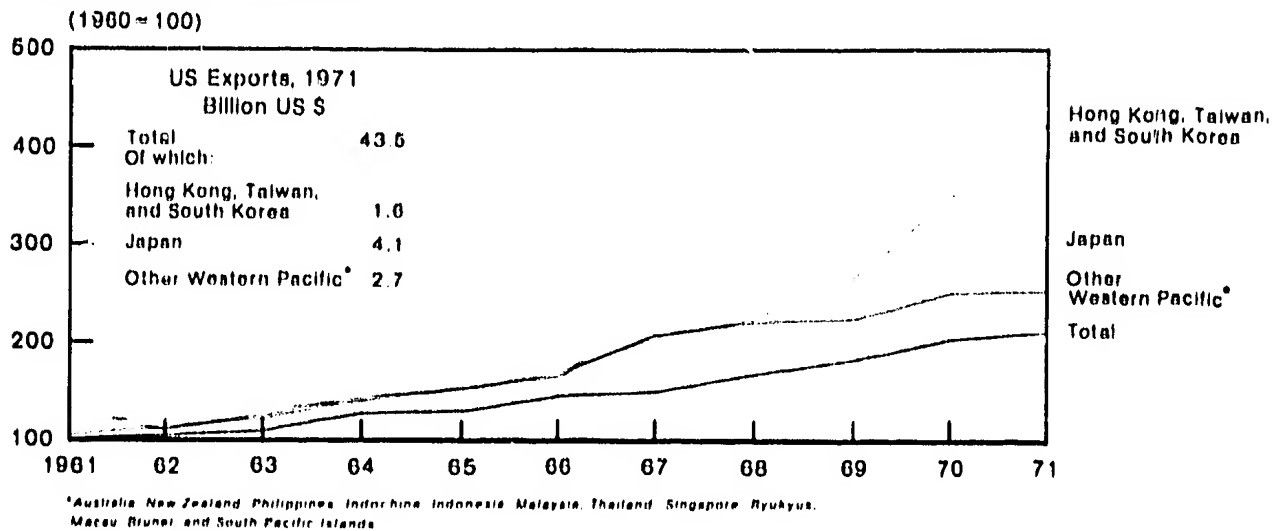
representing 19% of total US exports, compared with 14% in 1960 (see Figure 10). Sales to Japan, Taiwan, South Korea, Hong Kong, Malaysia, Singapore, and Australia have grown especially fast in line with their own rapid economic growth. US sales to Singapore expanded almost seven-fold, from \$41 million in 1960 to \$315 million in 1971. US sales to Australia, which grew about 50% faster than total US exports, now exceed \$1 billion annually, and Taiwan and South Korea together bought almost \$1.2 billion from the United States last year, compared with \$260 million in 1960. Japan, our second largest customer after Canada, purchased \$4.1 billion in 1971, about 9% of total US exports. About one-half of these purchases were agricultural commodities and other raw materials. Japan is our largest single country market, while the Far East is our largest regional market for agricultural goods, but ranks behind Canada and the "expanded" EC as a market for US manufactures.

28. While sales to the Far East have grown rapidly, the United States has just about maintained its share of the region's market. The US position in the Japanese market has declined slightly since 1960, although the United States still accounted for better than one-fourth of total Japanese imports in recent years. The US position in other northern-tier countries also has

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## Trends in US Exports

Figure 10



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declined somewhat since 1960 because of growing competition with Japan. For the same reason the US market share in the Philippines has been greatly eroded. The United States has made major gains, however, in Indonesia, Indochina, and Australia. In the case of Indonesia and Indochina, this primarily reflects the large amounts of US economic assistance. In Australia, where the United States accounts for about 25% of total exports, the gains have come primarily at the expense of the United Kingdom and at least partially reflect the large inflow of US investment capital. Altogether the United States accounted for about one-fourth of total Far Eastern imports in 1970, about the same as in 1960.

29. US investment in the Far East also is increasing rapidly. Cumulative direct investment in the region reached more than \$7 billion at the end of 1970 and has been growing by almost \$1 billion annually. US investment in Australia alone, much of which has been in the booming mining industry, accounts for almost one-half the total and about two-fifths of the total increase in the region. As a result, Australia is now the fourth largest recipient of US investments on a worldwide basis, ranking only behind Canada, the United Kingdom, and West Germany. Large US investments also are going into mining industries in Indonesia and the South Pacific islands. Countries in the area generally welcome US investments with only a few exceptions. Recently, nationalism has been eroding the level of US investment in the Philippines, which now stands at about \$700 million.

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30. After Australia, the largest concentration of US investment in the Far East is in Japan. However, the \$1.5 billion direct US investment there, which includes re-invested earnings, is minuscule relative to that country's economy. This largely reflects the fact that the insular Japanese are fearful of greater foreign involvement in their economy. Nonetheless, the United States earns considerable sums from Japan from means other than direct investment. Japan is by far the largest borrower in the US banker's acceptance market and one of the major purchasers of US corporation royalty and patent rights.

31. Hong Kong, Taiwan, and South Korea combined have attracted less than \$1 billion in US direct investment capital, but the impact of this investment is far greater than its relatively small size suggests. This is partly because most direct investments there are relatively small since they involve mainly labor-intensive assembly operations. In some cases, while the US share of total ownership is small, its total economic involvement is large. US companies frequently agree to provide large amounts of loan capital to finance operations of foreign firms and purchase all or most of the output. For example, net private capital inflows from the United States to South Korea in 1969 amounted to about \$200 million, of which only \$15 million consisted of direct investment capital.

#### Japan and the Western Pacific

32. Japan vies with the United States for first place as a trading partner to Western Pacific countries. Indeed, excluding sales to Japan, trade between other Western Pacific countries is not very extensive. Many of these transactions represent Australia's trade with New Zealand and the South Pacific islands, among whom strong economic ties exist. Even for the PRC, which shifted its trade away from other Communist countries during the 1960s, Japan is the major trading partner, providing 28% of the PRC's imports and buying 12% of its exports. The largest purchaser -- 20% -- of China's goods, however, is Hong Kong, which relies heavily on the mainland for food and water. China's trade with other Far Eastern countries is relatively small.

33. The Western Pacific has become a major outlet for Japan's exports. Since 1960, Japan has supplied almost 40% of the increased imports of Western Pacific countries and raised its share of this market from 11% in 1960 to almost 30% last year. In all but a few cases, Japan is the chief foreign supplier. Sales to the region have been growing 17% annually since 1960, and by 1971 they amounted to \$6.8 billion, or 28% of Japan's total exports. Thus the region ranks with the United States as the largest overseas market for Japan.

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34. Nearly one-half the increase in Japan's sales to the Western Pacific has gone to Hong Kong, Taiwan, and South Korea. Underlying this spurt is the movement abroad of Japanese industry, which is taking place because rapidly rising wage rates are eroding its once strong competitive edge in labor-intensive industries. Rather than bringing in cheap labor from abroad, as has West Germany, the Japanese have established export-oriented industries elsewhere in the region. Typically, the Japanese take a minority interest in a firm; provide it with management skills, technology, and loans to buy capital equipment and industrial materials from Japan; and market its output mainly in the United States. In the case of textiles, for example, Hong Kong, Taiwan, and South Korea purchase their synthetic fiber and fabric needs and textile machinery from Japan and all sell clothing to the United States. Japanese sales to the three rose by 600% between 1960 and 1971, while total exports from these countries rose by 700%.

35. Despite close ties, firms in Hong Kong, Taiwan, and South Korea have made only small inroads into the Japanese market. This is largely because Tokyo protects its own industries against competition from low-cost producers. Thus Japan exports four times more to those countries than it buys and has a \$2 billion trade surplus. Japan does take about one-fifth of the combined exports of Taiwan and South Korea, but many of these purchases consist of foodstuffs and some raw materials.

36. Japan has become an increasingly important market for the raw materials producers in the southern tier of the Western Pacific. Over the past decade, mineral-poor Japan's purchases of raw materials have grown faster than those of any major industrial country, and a large share of its requirements for such key products as iron ore, coal, bauxite, copper, crude oil, and timber is coming from the southern tier of countries. With few exceptions, Japan is now the major overseas market for these countries and since 1960 has accounted for about two-fifths of their export growth. In 1970, Japan took more than \$3 billion worth of products from this group or about 27% of their total exports. Stimulated by rapidly rising raw materials sales to Japan, their demand for the types of goods the Japanese can supply has grown, and Japanese exports to the southern tier of countries have increased almost twice as fast as their sales to Japan. The southern tier of countries, however, still have a favorable trade balance with Japan.

37. Japanese capital flows to Western Pacific countries jumped nearly ten-fold since 1960 and now amount to almost \$1 billion annually. About one-half of these flows consist of export credits used to finance purchases of capital equipment and intermediate goods from Japan. Although Japanese direct investment abroad is increasing, it still amounts to no more than one-half the level of export credits. Even in Australia, most of the direct

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investment in mining is either from the United States or the United Kingdom, although Japan takes most of the output from these operations. Official aid flows going mainly to Indonesia, the Philippines, and South Korea amounted to \$278 million. About 65% of Japan's bilateral financial flows to LDCs went to Western Pacific countries.

Canada, Latin America, and the Western Pacific

38. Trans-Pacific economic ties are also becoming increasingly important to Canada. About 8% of Canada's foreign trade now crosses the Pacific, most to Japan. Canadian exports to Japan, mainly raw materials, have been increasing by more than 20% annually since 1965, making Japan Canada's most important export growth market. Moreover, current plans call for greatly increasing exports of Canadian raw materials to Japan which will very likely enable Japan to replace the United Kingdom as Canada's second largest trading partner. In fact, Japan nearly passed the United Kingdom as Canada's number two foreign supplier in 1971 as a result of a whopping 56% increase in Japanese exports, mainly consumer manufactures, to Canada. From the Japanese side, Canada is now the fourth largest supplier of imports after the United States, Australia, and Iran and the largest export market outside the Western Pacific and the United States.

39. Canadian trade with South Korea, Taiwan, Hong Kong, and Singapore is also rising rapidly, but is still relatively small. Australia-Canada trade is also becoming increasingly important to both countries; each ranks about fifth as the other's trading partner. Indeed, Australia now sells more to Canada than it does to any West European country except the United Kingdom.

40. Economic links between Pacific coast countries of Latin America and the Western Pacific in general are minimal. The only exception is trade with Japan. Japanese purchases of raw materials from Peru and Chile have been an important factor in the growth of these countries' exports, and in 1970 Japan's imports from each totaled about \$200 million. The two combined provided 17% of Japan's iron ore imports, 12% of its copper imports, and 30% of its zinc. About 33% of Japan's raw cotton is purchased from Mexico and the other Central American countries. For these countries, Japan is the only major export outlet for this fiber. Although the Japanese have made inroads into import markets of these Latin countries, they remain relatively small from Japan's point of view. Exports to Mexico and Peru were the highest, and they were only \$94 million and \$53 million, respectively, in 1970. While Japan has doubled its share of the import market of Latin American Pacific countries, it still accounts for only about 6% of their total foreign purchases.

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Western Europe's Role

41. In contrast to those of the United States, Western Pacific economic ties with Western Europe are not very extensive or important. Although Japanese exports to the area have increased sharply in recent years, the West European countries keep a careful watch on Japan's sales and have prevented any major market penetration. In 1970, for example, even though Japanese sales to the EC jumped by 35%, they still accounted for only about 3% of total EC imports and less than 7% of overall Japanese sales. Similarly, EC exports to Japan make up only a small part of foreign sales - about 2% in 1970. Moreover, these proportions have not changed much since the early 1960s.

42. Western Europe's importance as a trading partner with the rest of the region has tended to decline over the years. Most of this loss has been between European powers and their former colonies. In contrast with its former territories in Africa, France has lost most of its trade with Indochina. In the early 1950s, for example, 75% of Indochina's imports came from France, but by 1970 France was an insignificant buyer or seller in the region. Indonesian purchases from the Netherlands declined from 12% of total imports in the early 1950s to less than 5% in 1970, and the Dutch market takes about the same proportion of Indonesian exports.

43. Even more striking is the declining position of the United Kingdom's trade with its former colonies and with Commonwealth countries in the region. Excluding Japanese exports, as recently as 1960 the United Kingdom was the Western Pacific's number one overseas market, largely on the basis of its purchases from Australia, New Zealand, Malaysia, Hong Kong, and Singapore. Since then, however, its purchases from these countries have stagnated in absolute terms, and its relative importance has dwindled as these nations increasingly turned to the United States and Japan for their export growth. Because of the slow growth in UK demand, for example, Australian exports to that market actually declined between 1960 and 1970, and during that time Japan replaced the United Kingdom as Australia's leading export market, while the United States replaced it as the leading import supplier.

44. Direct investment by Western Europe in the Western Pacific is another matter. The United Kingdom is still investing very large sums in Australia - almost \$400 million in 1970 - and is second only to the United States as a foreign investor there. The French, for their part, are developing nickel mines on New Caledonia where total investments will amount to some \$800 million between 1970 and 1976, and Paris has spent large sums in establishing a nuclear test site in French Polynesia. In addition, the West Europeans, facing increasing competition from Hong Kong, Taiwanese, and



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South Korean manufacturers in world markets, are now following the lead of the United States and Japan in moving some of their production facilities to the region.

45. In recent years, Singapore has been a favorite spot for the development of overseas production facilities by West Europeans. In 1970, for example, large firms such as Phillips of Holland and Plessey of the United Kingdom decided to set up new factories there to produce various electronic components, while Rollei Werke of West Germany is moving its entire production of 35-mm cameras to Singapore to be in a more favorable position to compete with the Japanese in third country markets. In addition to Singapore, West European firms are also moving into Taiwan at a fast pace. Indeed, about one-half of Taipei's new investment approvals in 1971 represented West European capital. Although there is little European investment in South Korea, countries such as West Germany, France, and Italy are providing increasing amounts of commercial loans to export-oriented firms there.

The Future

46. From the US point of view, trans-Pacific economic ties are likely to become increasingly important during the 1970s. Japan will make further inroads into the US domestic market as new product lines are developed, but at the same time will remain one of our most rapidly growing export markets. Direct capital investment flows are likely to be a much more important feature of US-Japanese relations than in the past. A gradual increase in US investment in Japan is expected because Tokyo is easing restrictions on capital inflows. Probably more dynamic will be Japanese investment in the United States. The recent removal of Japanese controls on capital outflows coincides with a growing interest in investment in the United States. More and more of this activity will be in productive facilities,

25X6

47. The Western Pacific LDCs will continue making strong inroads in the US market. As wage rates in the United States go up, competition from abroad, especially in industries requiring a large labor input, will intensify, and the number of US firms moving abroad can be expected to grow. The wage gap is expected to increase even with wages in the Pacific Basin LDCs growing more than three times faster than those in the United

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States. The recent currency realignment will not reverse this trend, because many Pacific LDCs devalued their currencies along with dollar. The Mexican border region, because of its nearness to the US market, will probably also attract more US firms planning to produce for the American market. Spain and southern Europe may also become more important, but few other LDCs enjoy the combination of factors that make the Western Pacific so attractive to US businessmen. US firms are also likely to open up more plants in the region to produce goods for the Far East market.

25X6

This type of activity is likely to become even more important in the 1970s.

48. Like the United States, Japan will continue to experience a growing shift to overseas operations, especially in nearby countries. Japan is already losing its competitive position to others in the area because of its rapidly rising wages, and Tokyo's recent revaluation will tend to speed the process. As Japan continues to concentrate on more sophisticated products, the LDCs will move up the industrial scale. Taiwan, for example, is already moving into production of fairly sophisticated electronic equipment. Nevertheless, Tokyo can be expected to continue protecting its domestic industries from low-cost producers, and, for Japan, the shift of industry overseas will be geared principally to maintaining sales in third countries, especially the United States. As for the southern tier of countries, Japan will continue to import a large share of its raw material needs from them. Although Tokyo has shown some interest in developing raw materials resources in Soviet Siberia, Tokyo is moving slowly in this direction, and no shift away from traditional Pacific Basin suppliers can be expected for at least five years and probably much longer.

49. A new development in Basin activity will be growing economic ties among the LDCs in the Western Pacific. Essentially, this will involve trade between the export-oriented manufacturing countries on the one hand and the raw materials suppliers on the other. Taiwan and South Korea, for example, are beginning to draw more heavily on countries such as Indonesia and the Philippines for needed raw materials and at the same time are supplying more of the types of manufactured goods wanted by the LDCs in the area. While these trade links will no doubt grow fairly rapidly in the coming years, the amounts involved will remain relatively small. Taiwan's exports to Indonesia, for example, jumped 165% in 1970 but still accounted for only 2% of Taiwan's total foreign sales and 3% of Indonesia's imports.

50. Western Europe will also play a more important economic role in the Western Pacific but still a minor one. Some West European countries

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are already beginning to invest in export-oriented industries in the Western Pacific, and the process is likely to accelerate. As with the Japanese, however, most of this activity will probably be aimed at selling in third country markets. For their own markets, the West Europeans are looking more and more toward countries such as Spain and Greece as sources of inexpensive manufactured goods. Because of their special ties with the EC, these countries have a strong advantage over the Far East in EC markets. In addition, Western Europe is also looking to stable countries such as Australia for a growing share of its mineral needs.

51. The re-emergence of the PRC on the world scene is unlikely to affect economic trends already developing in the Pacific Basin for many years. China's foreign trade will continue to be constrained by emphasis on economic self-sufficiency and balanced trade. In addition, Peking's efforts to minimize foreign indebtedness probably will continue to preclude the use of large-scale credits as a means of boosting trade. Undoubtedly an initial spurt will occur in US-PRC trade from the present insignificant base, but overall trade will still be unimportant. Trade with other Pacific Basin countries will likely continue to expand slowly as in the past. For Australia and Canada, trade with the PRC has already stagnated and is still based largely on wheat sales.

52. In short, the United States and Japan will remain the keystones of economic prosperity in the Pacific Basin. The region's dependence on both countries for markets and capital is likely to continue growing, and the trend toward economic integration will probably continue and may accelerate. Japan will remain the chief growth market for raw materials coming from the United States and the southern tier, while the US market will remain the chief one for Western Pacific exports of manufactured goods. This will bring both problems and benefits to the United States. So long as other Pacific Basin countries register rapid economic growth, they will remain major growth markets for US exports of agricultural and manufactured goods, but their future economic performance in large part depends on their access to the US market. This will mean a continuing growth in US imports from the region and a further shift in production facilities from the United States to overseas areas.

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**STATISTICAL APPENDIX**

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Table 1  
Western Pacific Exports

	Million US \$											
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Japan	4,055	4,236	4,917	5,453	6,674	8,458	9,784	10,450	12,982	16,003	19,333	24,085
Australia	1,962	2,324	2,345	2,804	2,941	3,006	3,171	3,478	3,527	4,217	4,764	5,227
China	1,960	1,530	1,525	1,570	1,750	2,035	2,210	1,945	1,945	2,030	2,050	2,400
Malaysia	1,187	1,060	1,168	1,096	1,105	1,236	1,256	1,216	1,347	1,651	1,687	1,630
New Zealand	847	794	798	910	1,074	1,007	1,076	933	1,010	1,212	1,225	1,359
Indonesia	841	788	682	696	724	708	714	770	872	995	1,187	1,307
Philippines a/	560	500	556	727	742	768	828	821	857	855	1,062	1,118
Hong Kong	477	490	552	639	738	838	955	1,117	1,405	1,753	2,058	2,291
Thailand	408	477	458	466	593	622	678	681	658	708	697	779
Taiwan	164	196	218	332	433	450	536	641	802	1,049	1,562	2,020
Indochina b/	157	135	112	167	137	141	93	103	107	94	77	N.A.
South Pacific Islands	121	131	108	139	165	158	172	182	241	287	372	N.A.
Singapore	71	73	138	147	168	241	314	362	455	546	595	N.A.
South Korea	33	41	55	87	119	175	250	320	455	622	835	1,068
Others c/	122	128	129	149	145	179	174	184	206	218	217	N.A.
TOTAL	12,965	12,903	13,761	15,382	17,508	20,022	22,211	23,203	26,869	32,240	37,721	44,500.d/

a. Based on final trade data which in some years substantially understate exports that exclude smuggling.

b. Cambodia, Laos, and South Vietnam.

c. Brunei, Macau, and the Ryukyus.

d. Estimated.

Table 2  
Western Pacific Imports <sup>a/</sup>

Million US \$

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Japan	4,491	5,911	5,637	6,741	7,944	9,176	9,530	11,572	12,993	15,036	13,396	13,722
Australia	2,704	2,390	2,551	2,782	3,110	3,767	3,635	3,913	4,330	4,557	5,097	5,266
China	2,030	1,495	1,150	1,200	1,470	1,845	2,035	1,950	1,820	1,830	2,170	2,200
Malaysia	910	920	993	1,043	1,047	1,096	1,104	1,036	1,161	1,177	1,412	1,440
New Zealand	790	904	756	902	960	1,043	1,095	955	995	1,003	1,244	1,346
Indonesia	578	774	647	522	601	695	527	325	337	993	1,116	1,236
Philippines	663	678	655	637	363	394	957	1,172	1,230	1,254	1,210	1,230
Hong Kong <sup>b/</sup>	708	930	731	1,041	1,109	1,243	1,377	1,395	1,722	2,036	2,453	2,307
Thailand	453	485	546	610	630	736	934	1,060	1,150	1,242	1,232	1,236
Taiwan	297	322	304	362	429	556	622	816	903	1,213	1,524	1,930
Indochina <sup>c/</sup>	348	169	301	422	406	506	619	633	619	323	710	N.A.
South Pacific Islands	104	112	116	133	173	199	219	236	259	297	322	N.A.
Singapore <sup>b/</sup>	443	459	469	566	521	676	739	921	1,170	1,430	1,833	N.A.
South Korea	344	316	422	560	404	463	716	936	1,463	1,924	1,934	2,394
Others <sup>d/</sup>	194	199	214	257	279	326	422	492	462	525	594	N.A.
TOTAL	15,137	16,934	15,807	17,323	20,368	22,221	24,511	23,142	31,115	35,238	41,389	42,100 <sup>e/</sup>

a. C.I.F. basis.

b. Retained imports.

c. Cambodia, Laos, and South Vietnam.

d. Brunei, Macau, and the Ryukyu.

e. Estimated.

Table 1

Western Pacific and US Trade Matters, 1943-47

Million US \$

Exports From \ Exports To	South Korea	Hong Kong	Taiwan	China	Philippines	Indonesia	Malaysia	Singapore	Australia	New Zealand	Indochina	Thailand	South Pacific Islands	Other Western Pacific	Japan	United States
South Korea	--	x	x	x	x	x	x	x	x	x	x	x	x	x	100	151
Hong Kong	x	--	21	200	x	x	x	x	24	x	10	14	x	x	114	121
Taiwan	x	x	--	x	x	x	x	x	x	x	x	x	x	x	111	111
China	x	x	x	--	x	15	x	x	24	x	x	x	x	x	x	x
Philippines	x	x	x	x	--	15	x	x	x	x	x	x	x	x	115	114
Indonesia	x	13	x	57	x	--	13	x	x	x	7	11	x	x	111	34
Malaysia	x	20	x	18	x	58 b/	--	x	10	x	x	50	x	x	18	13
Singapore	x	24	x	44	x	70 b/	a/	--	22	x	12	44	x	x	47	41
Australia	x	14	x	11	x	32	50	x	--	10	x	1	19	x	111	136
New Zealand	x	x	x	x	x	x	x	x	111	--	x	x	x	x	11	11
Indochina c/	x	x	x	x	x	x	x	x	x	x	x	x	x	x	11	41
Thailand	x	14	x	x	x	x	x	x	x	x	x	--	x	x	111	41
South Pacific Islands	x	x	x	x	x	x	x	x	11	x	x	x	--	x	x	11
Other Western Pacific d/	x	x	x	x	x	x	x	x	x	x	x	x	x	--	11	11
Subtotal	1	111	11	157	15	114	114	5	111	11	11	155	11	1	1,111	1,111
Japan	20	17	62	21	129	41	241	18	113	11	x	23	18	24	--	1,111
United States	4	124	19	x	247	215	156	19	114	108	11	17	x	x	1,083	--
TOTAL	27	246	125	377	411	516	515	39	290	177	65	296	44	40	2,296	2,254
TOTAL TO WORLD	33	477	144	1,060	560	341	1,137	71	1,062	347	157	408	121	120	4,355	21,375

a. An entry signifies negligible trade. In case of printing, components may not add to the totals shown.

b. Mainly entrepot trade.

c. Cambodia, Laos, and South Vietnam.

d. Brunei, Malaya, and the Ryukyu.

x/ = 10% or more of total exports.

Table 1  
Western Pacific and US Trade Matrix  
1972 <sup>a</sup>

Million US \$

Exports From \ Exports To	South Korea	Hong Kong	Taiwan	China	Philippines	Indonesia	Malaysia	Singapore	Australia	New Zealand	Indochina	Thailand	South Pacific Islands	Other Western Pacific	Japan	United States
South Korea	--	3	24	x	11	14	37	12	71	x	x	2	x	1	414	437
Hong Kong	24	--	115	364	13	24	14	54	32	x	8	31	x	25	720	114
Taiwan	7	25	--	x	19	11	27	3	33	x	1	14	x	x	720	127
China	x	5	x	--	x	3	43	3	129	x	x	x	x	x	343	x
Philippines	1	5	14	x	--	12	1	3	51	x	1	1	x	x	131	171
Indonesia	3	13	12	13	54	--	11	N.A.	44	x	x	14	x	x	114	244
Malaysia	x	20	12	143	8	43	--	130	72	x	x	12	x	x	144	47
Singapore	11	47	14	x	x	N.A.	143	--	112	x	x	13	x	x	122	243
Australia	3	42	23	47	4	33	33	14	--	124	x	4	52	12	143	346
New Zealand	5	19	1	x	x	1	7	x	257	--	x	1	3	x	114	113
Indochina c/	13	21	45	x	x	4	2	32	23	x	x	12	x	x	144	161
Thailand	5	13	23	x	6	14	4	11	37	x	1	--	x	x	113	133
South Pacific Islands	x	12	x	x	x	x	x	3	242	17	x	x	x	x	42	31
Other Western Pacific d/	x	3	12	14	1	x	x	x	13	x	x	x	x	x	171	11
Subtotal	74	232	342	533	111	212	174	243	1,211	147	11	112	33	33	1,301	1,473
Japan	234	12	215	255	483	570	380	79	1,354	121	18	131	110	103	--	4,452
United States	390	865	547	x	475	182	270	81	612	209	2	95	17	11	5,940	--
TOTAL	698	1,199	1,144	345	1,091	372	1,026	405	3,026	475	22	508	202	152	11,343	4,486
TOTAL TO WORLD	835	2,058	1,562	2,050	1,226	1,137	1,687	595	4,754	1,225	77	637	370	217	13,333	42,590

a. An x entry signifies negligible trade. Because of rounding, components may not add to the totals shown.

b. Mainly entrepot trade.

c. Cambodia, Laos, and South Vietnam.

d. Brunei, Macau, and the Ryukyu.

e. Based on trade data of importing countries.

f. 101 or more.

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Table 5  
US Exports to Western Pacific Countries

	Million US \$											
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Japan	1,325	1,731	1,428	1,637	1,894	2,042	2,312	2,593	2,934	3,430	4,552	4,355
Philippines	294	331	266	320	356	333	333	430	416	374	370	340
Indonesia	36	134	120	109	69	42	60	53	167	237	266	263
Malaysia	18	23	32	29	31	40	46	43	34	52	47	74
Australia	386	316	339	437	626	696	637	393	372	355	346	1,204
Hong Kong	121	127	130	143	135	139	226	255	304	364	426	404
New Zealand	75	69	57	72	37	126	117	30	114	99	135	111
Thailand	62	62	71	36	34	103	123	164	136	143	150	144
Taiwan	110	136	120	133	145	172	130	333	337	330	527	510
Singapore	41	47	51	52	46	50	31	65	121	152	240	315
South Korea	153	162	215	232	193	200	223	414	510	633	637	631
Indochina a/	61	80	119	131	144	201	322	303	231	294	351	333
South Pacific Islands	13	14	12	14	25	26	26	35	40	43	51	42
Others b/	23	25	24	37	46	42	45	50	46	43	40	30
Subtotal	<u>2,763</u>	<u>3,256</u>	<u>3,033</u>	<u>3,497</u>	<u>3,935</u>	<u>4,267</u>	<u>4,774</u>	<u>5,343</u>	<u>6,452</u>	<u>7,273</u>	<u>8,334</u>	<u>8,324</u>
TOTAL TO WORLD	20,375	20,754	21,430	23,062	26,156	27,127	29,304	31,142	34,139	37,462	42,530	43,497

a. Cambodia, Laos, and South Vietnam.

b. Brunei, Macau, and the Ryukyus.

Table 6  
US Imports From Western Pacific Countries <sup>a/</sup>

	Million US \$											
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Japan	1,127	1,076	1,351	1,494	1,761	2,401	2,958	2,999	4,244	4,843	5,373	7,249
Philippines	307	321	321	344	396	355	393	381	452	392	470	498
Indonesia	216	163	135	111	170	165	179	192	174	194	192	207
Malaysia	156	149	199	179	147	173	177	196	240	307	270	269
Australia	144	181	288	314	274	305	395	406	490	533	671	679
Hong Kong	16	125	169	189	249	342	416	438	633	909	144	997
New Zealand	117	131	141	172	149	130	180	156	185	214	222	229
Thailand	56	37	39	39	24	41	76	96	31	92	101	97
Taiwan	20	42	57	59	77	93	117	156	269	346	349	417
Singapore	19	14	15	10	12	14	15	16	29	55	87	116
South Korea	5	6	11	22	31	53	95	107	194	237	170	160
Indochina <sup>b/</sup>	4	7	8	9	7	5	5	3	3	4	3	3
South Pacific Islands	3	3	8	12	10	13	19	20	22	25	31	46
Others <sup>c/</sup>	3	6	10	10	9	11	12	17	11	12	14	20
Subtotal	<u>2,313</u>	<u>2,266</u>	<u>2,743</u>	<u>2,964</u>	<u>3,316</u>	<u>4,126</u>	<u>5,033</u>	<u>5,247</u>	<u>6,819</u>	<u>7,215</u>	<u>7,737</u>	<u>11,633</u>
TOTAL FROM WORLD	15,018	14,714	16,390	17,133	18,634	21,364	25,542	25,312	33,226	35,043	39,350	46,602

a. U.S.S.R.

b. Cambodia, Laos, and South Vietnam.

c. Brunei, Macau, and the Ryukyus.

Table 7

## Japanese Exports to the Pacific Basin

Million US \$

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
United States	1,083	1,067	1,400	1,507	1,842	2,479	2,970	3,012	4,036	4,959	5,940	7,514
Hong Kong	156	154	192	246	292	239	370	343	463	615	700	731
Philippines	154	128	120	150	191	240	273	363	411	476	454	463
Australia	144	100	139	153	234	313	239	353	416	476	539	720
Pacific Latin America <u>a/</u>	134	134	129	172	219	253	236	299	339	421	504	573
Canada	119	117	126	125	167	214	256	274	346	431	563	379
Thailand	118	134	148	131	213	219	301	341	365	434	449	444
Indonesia	110	154	115	99	122	207	120	155	147	216	316	454
Taiwan	102	96	119	107	133	213	255	323	472	606	700	1,125
South Korea	100	126	138	160	109	180	335	407	603	767	313	336
Other Western Pacific <u>b/</u>	95	114	134	136	139	178	232	263	270	313	379	511
Singapore	87	102	105	112	114	124	143	160	209	313	423	303
Indochina <u>c/</u>	78	82	78	51	46	51	153	194	226	255	164	163
Malaysia	34	35	44	56	59	75	89	83	104	133	166	204
New Zealand	24	22	27	44	47	61	59	64	69	90	114	129
South Pacific Islands	6	7	7	11	17	19	23	25	29	42	62	74
China	3	17	33	62	153	245	315	239	315	331	569	573
Subtotal	2,547	2,589	3,057	3,377	4,122	5,364	6,433	6,974	8,333	11,002	12,312	15,795
TOTAL TO WORLD	4,055	4,236	4,917	5,457	6,674	8,458	9,784	10,450	12,982	16,003	19,333	24,285

a. Mexico, Central America, Ecuador, Columbia, Peru, Chile, and Panama.

b. Brunei, Macau, and the Ryukus.

c. Cambodia, Laos, and South Vietnam.

Table 8  
Japanese Imports from the Pacific Basin <sup>a</sup>

	Million US \$											
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
United States	1,545	2,079	1,909	2,077	2,336	2,366	2,653	3,212	3,527	4,090	5,560	4,957
Hong Kong	23	24	19	29	29	35	47	53	54	63	92	93
Philippines	159	156	184	230	224	254	325	374	399	463	534	513
Australia	344	452	436	514	592	552	690	792	921	1,243	1,569	1,750
Pacific Latin America <sup>b/</sup>	194	308	347	406	476	523	579	614	703	790	797	792
Canada	204	266	255	319	379	357	451	633	660	669	929	1,204
Thailand	72	78	72	91	131	131	153	160	143	167	190	210
Indonesia	70	85	91	105	131	149	176	197	252	397	637	954
Taiwan	64	68	61	123	141	157	147	137	151	190	251	234
South Korea	18	22	28	27	42	41	72	92	102	134	229	270
Other Western Pacific <sup>c/</sup>	26	33	44	64	63	82	79	76	99	94	101	132
Singapore	14	25	23	22	27	33	30	37	62	66	96	115
Indochina <sup>d/</sup>	13	6	7	10	12	14	14	12	9	11	11	6
Malaysia	271	274	280	298	256	262	307	334	343	407	419	374
New Zealand	32	50	34	55	57	61	113	112	120	144	159	162
South Pacific Islands	26	25	21	23	44	39	39	47	74	93	147	140
China	21	31	47	75	158	225	306	269	224	234	254	322
Subtotal	3,096	3,982	3,758	4,468	5,088	5,281	6,176	7,150	7,936	9,250	11,953	12,046
TOTAL FROM WORLD	4,491	5,811	5,637	6,741	7,944	8,176	9,530	11,672	12,998	15,036	18,396	19,722

a. C.I.F.

b. Mexico, Central America, Ecuador, Columbia, Peru, Chile, and Panama.

c. Brunei, Macau, and the Ryukyus.

d. Cambodia, Laos, and South Vietnam.